

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
Petition of WorldCom, Inc. Pursuant)
to Section 252(e)(5) of the)
Communications Act for Expedited)
Preemption of the Jurisdiction of the)
Virginia State Corporation Commission)
Regarding Interconnection Disputes)
with Verizon Virginia Inc., and for)
Expedited Arbitration)

CC Docket No. 00-218

In the Matter of)
Petition of Cox Virginia Telecom, Inc., etc.)

CC Docket No. 00-249

In the Matter of)
Petition of AT&T Communications of)
Virginia Inc., etc.)

CC Docket No. 00-251

**VERIZON VA'S REBUTTAL TESTIMONY ON NON-MEDIATION
ISSUES**

(CATEGORIES I AND III THROUGH VII)

ADVANCED SERVICES

ROSEMARIE CLAYTON
PAUL RICHARD
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August 17, 2001

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, YOUR POSITION AND YOUR BUSINESS ADDRESS WITH VERIZON.

A. My name is Rosemarie Clayton. I am employed by Verizon Services Corp. ("Verizon")¹ as Product Manager for xDSLs and Line Sharing. My business address is 2107 Wilson Blvd. Arlington, Virginia.

My name is Paul Richard. My business address is 500 Summit Lake Drive, Valhalla, NY. I employed by Verizon as a Senior Specialist in the Wholesale Services Marketing Organization.

My name is Richard Rousey. My business address is 600 Hidden Ridge Blvd. Irving, Texas. I am employed by Verizon as a Senior Specialist in the Wholesale Services Organization.

My name is John White and my business address is 1095 Avenue of the Americas, New York, New York. I am an Executive Director within Verizon's Wholesale Services organization, reporting to the Network Services Department.

Q. ARE YOU THE SAME WITNESSES WHO FILED DIRECT TESTIMONY IN THIS CASE ON JULY 31, 2001?

A. Yes.

¹ As used in this testimony, "Verizon" refers to Verizon Services Corp., and "Verizon VA" refers to Verizon Virginia Inc., the party to this arbitration.

1 **Q. WHAT IS THE PURPOSE OF THE PANEL'S REBUTTAL TESTIMONY**
2 **TESTIMONY?**

3 **A.** The purpose of the panel's rebuttal testimony is to respond to direct testimony
4 filed by AT&T and WorldCom on issues III-10, V-6, V-9, and IV-28. In
5 addition, the panel sponsors the following Rebuttal Exhibits:

- 6 • **Rebuttal Exhibit ASP-1** – Summary of Industry Analyst Projections of
7 Subscribership to Cable Modem Service Versus xDSL Service;
- 8 • **Rebuttal Exhibit ASP-2** – Verizon Presentation Regarding The
9 Broadband Market;
- 10 • **Rebuttal Exhibit ASP-3** – AT&T July 24, 2001 News Release;
- 11 • **Rebuttal Exhibit ASP-4** – Line Splitting Service Descriptions Developed
12 By The New York DSL Collaborative;
- 13 • **Rebuttal Exhibit ASP-5** – Verizon October 12, 2000 Comments to the
14 Commission in CC Dockets 98-147 and 96-98;
- 15 • **Rebuttal Exhibit ASP-6** – Verizon November 14, 2000 Reply Comments
16 to the Commission in CC Dockets 98-147 and 96-98;
- 17 • **Rebuttal Exhibit ASP-7** – Verizon February 27, 2001 Comments to the
18 Commission in CC Dockets 98-147 and 96-98; and
- 19 • **Rebuttal Exhibit ASP-8** – Verizon March 13, 2001 Reply Comments to
20 the Commission in CC Dockets 98-147 and 96-98.

21 **Q. IN PREPARATION FOR THE PANEL'S REBUTTAL TESTIMONY,**
22 **WHOSE TESTIMONY HAVE YOU REVIEWED?**

23 **A.** The panel reviewed the direct testimony of C. Michael Pfau on behalf of AT&T
24 and the testimony of Chuck Goldfarb, Alan Buzacott and Roy Lathrop on behalf
25 of WorldCom.

1 **II. ISSUE III-10: LINE SHARING AND LINE SPLITTING**

2 **A. RESPONSE TO AT&T**

3 **Q. AT&T WITNESS PFAU SPENDS A GREAT DEAL OF HIS TESTIMONY**
4 **ARGUING THAT VERIZON VA HAS A CURRENT OBLIGATION TO**
5 **PROVIDE CLECS WITH THE ABILITY TO ENGAGE IN LINE**
6 **SPLITTING. DOES VERIZON VA'S PROPOSED CONTRACT**
7 **LANGUAGE SATISFY THIS OBLIGATION?**

8 A. Yes. Under Verizon VA's proposed contract language, AT&T currently has the
9 ability to become involved in line splitting by combining a UNE xDSL-capable
10 loop, a UNE port and transport, and connect to its (or a data partner's) collocated
11 DSLAM, splitter equipment, and end user equipment required for xDSL service,
12 and provide voice and data from this combination of UNEs. Voice and data can
13 be provided by AT&T, or AT&T can partner with another party for data services.
14
15 Verizon, using the consensus and priorities reached by the industry in the New
16 York DSL Collaborative (with facilitation from the New York Commission), has
17 agreed to develop enhanced line splitting in its territories nationwide, and Verizon
18 VA's proposed contract language incorporates the results of the collaborative by
19 reference.

20 **Q. DID THE COMMISSION ENCOURAGE PARTIES TO USE STATE**
21 **COLLABORATIVES AND CHANGE MANAGEMENT PROCESSES TO**
22 **ADDRESS THE MORE COMPLEX ISSUES ASSOCIATED WITH**
23 **IMPLEMENTATION OF LINE SPLITTING?**

1 A. Yes. As recognized by AT&T Witness Pfau at page 7 of his Direct Testimony,
 2 the Commission encouraged the parties to address the details surrounding
 3 implementation of line splitting through state collaboratives.² This is precisely
 4 what Verizon VA's proposed contract language does. Rather than trying to
 5 resolve all implementation issues in the context of negotiations with one CLEC,
 6 Verizon VA proposes to implement the results of the New York DSL
 7 Collaborative. Rather than resulting in vague and ambiguous line splitting
 8 procedures as contended by AT&T and WorldCom, Verizon VA's proposed
 9 language applies the results of an industry collaborative addressing
 10 implementation issues in great detail, creating a standardized product with input
 11 from all interested parties.

12 **Q. IS VERIZON VA DEVELOPING A SINGLE-ORDER PROCESS TO ADD**
 13 **xDSL SERVICE TO EXISTING UNE-P VOICE CUSTOMERS AS A**
 14 **RESULT OF THE NEW YORK COLLABORATIVE?**

15 A. Yes. Verizon VA's line splitting service descriptions allow a CLEC with a UNE-
 16 P arrangement to submit a single Local Service Request ("LSR") for a line
 17 splitting arrangement. Verizon VA will take the one LSR provided by the CLEC,

² *In re Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147, and In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 97-98, Third Report and Order On Reconsideration In CC Docket No. 98-147, Fourth Report and Order On Reconsideration In CC Docket No. 96-98, Third Further Notice of Proposed Rulemaking in CC Docket No. 98-147, and Sixth Further Notice of Rulemaking in CC Docket No. 96-98, FCC 01-26 (rel. Jan. 19, 2001) ("Line Sharing Reconsideration Order") at ¶ 22 n.41 ("We also encourage participants in state collaboratives and change management processes to develop specific ordering procedures associated with a variety" of line splitting scenarios.)*

1 and internally issue three service orders to accommodate the line splitting request.
2 One order disconnects the Platform service, one order installs the port, and one
3 order installs the loop. These three orders will be coordinated internally by
4 Verizon VA, and attempts will be made to re-use the loop facilities. (The ability
5 to re-use facilities depends whether the loop is xDSL capable). From the CLECs'
6 perspective, however, this will be a one order process. Even though three internal
7 orders are generated, the CLECs will be charged for only one order.

8 **Q. AT PAGE 99 OF HIS DIRECT TESTIMONY, AT&T WITNESS PFAU**
9 **STATES THAT MOST LOOPS CAN BE USED TO PROVIDE ACCESS**
10 **TO BOTH A TRADITIONAL CIRCUIT SWITCHED NETWORK AND AN**
11 **ADVANCED SERVICES NETWORK WITH RELATIVELY LITTLE**
12 **COST. IS THIS CORRECT?**

13 **A.** In part. There is little disruption or cost for CLECs. However, as this
14 Commission has already recognized in the *Massachusetts 271 Approval Order*,
15 Verizon VA has and will incur significant development and circuit conversion
16 costs to implement line splitting.³ The development costs include those incurred
17 for designing and coding systems, methods development, training, updating
18 related systems and retail and wholesale records, and pilot expenses. The

³ *In the Matter of Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) and Verizon Global Networks Inc., For Authorization to Provide In-Region, InterLATA Services in Massachusetts*, CC Docket No. 01-9, Memorandum and Order, FCC 01-130 (rel. April 16, 2001). ("Massachusetts 271 Approval Order") at ¶ 180.

conversion costs include complex rewiring and testing activities in the central office.

Q. AT PAGE 100 OF HIS DIRECT TESTIMONY, AT&T WITNESS PFAU SUGGESTS THAT THE ILECs ARE TO BLAME FOR THE "FINANCIAL WOES OF DATA LECS." DO YOU AGREE?

A. No. Indeed, less biased observers of CLEC performance have a very different view. For example one analysis has concluded that there were two factors that led to the CLEC collapse—overly aggressive expansion and inexperienced management teams.⁴ In addition, as one analyst said recently:

Buoyed by the giddy Internet craze in 1999 and early 2000, investment money flowed in — particularly to competitive LECs — with little examination of the underlying business plans. 'Any moron who could put pen to paper could get a million dollars,' Shapiro says sourly.

With investors now wising up, these poorly planned businesses are not getting funding to continue and are dying out. But there still are a number of these ailing companies that haven't yet breathed their last. "It's a natural cycle of overcapitalization followed by shakeout," Shapiro says. "Once that is done you will have some stronger companies that will survive. But it is a long way from being finished."⁵

Q. AT PAGE 101 OF HIS DIRECT TESTIMONY, AT&T WITNESS PFAU ALSO SUGGESTS THAT AS THE SOLE PROVIDER OF A BUNDLED VOICE AND ADVANCED DATA OFFER, VERIZON DOMINATES THE

⁴ James Henry (Bear Sterns). *The Game of CLEC Life*, Xchange Magazine, April 2001.

⁵ K. Brown, "Surviving the Fall," *Broadband Week*, March 5, 2001, http://www.broadbandweek.com/news/010305/010305_news_fall.htm.

1 **RESIDENTIAL xDSL MARKET WITHIN ITS SERVICE TERRITORIES.**

2 **IS THIS AN ACCURATE STATEMENT?**

3 A. No. AT&T Witness Pfau's claim assumes that Verizon VA—the ILEC—
 4 provides advanced data service within its service territories. However, it does not,
 5 and is prohibited from doing so at the present time.⁶ Thus, Verizon Advanced
 6 Data Inc.—a separate company⁷ with its own separate certificate of public
 7 convenience and necessity—provides xDSL services within Verizon VA's
 8 serving territories. Verizon VA deals at arms length with VADI, treating it the
 9 same as any other CLEC or DLEC. Thus, VADI and CLECs are on equal footing
 10 with regard to their ability to use Verizon VA's existing network facilities and
 11 systems. However, it is important to note that any carrier can purchase an
 12 unbundled loop on which it can place both voice and data to establish a bundled
 13 service offering.

14 **Q. IS AT&T WITNESS PFAU CORRECT WHEN HE CONTENDS AT PAGE**
 15 **106 OF HIS DIRECT TESTIMONY THAT VERIZON DOMINATES (AND**

⁶ See *In re Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, Memorandum Opinion and Order, 15 F.C.C.R. 14032 (2000). (“*BA/GTE Merger Order*”) at ¶ 260 (requiring Verizon to create a “separate affiliate[] to provide all advanced services in the combined Bell Atlantic/GTE region.”). Verizon VA, therefore, no longer offers advanced services.

⁷ *BA/GTE Merger Order* at ¶¶ 260, n.579, 263 (“the separate advanced services affiliate will be distinct from Bell Atlantic/GTE's in-region telephone companies,” and must “have separate officers, directors, and employees, as well as the requirements to operate independently and to deal at arm's length.”).

1 **POTENTIALLY MONOPOLIZES) THE ADVANCED SERVICES**
2 **MARKET?**

3 A. No. Setting aside the fact that Verizon VA does not offer advanced services at all,
4 no Verizon entity can credibly be said to dominate the advanced services market,
5 which is supported by a wide variety of technologies, many of which no Verizon
6 entity uses to provide any kind of service.

7 **Q. WHAT TECHNOLOGIES COMPETE IN THE ADVANCED SERVICES**
8 **MARKET?**

9 A. There are four main technologies: cable modem, xDSL, satellite, and wireless.⁸
10 Each technology is explained below. While the technologies are different, the
11 companies deploying these technologies compete head-to-head for customers. In
12 fact, as discussed further below, it is cable companies that are currently winning
13 the race for new broadband customers as subscriber use of cable modems to
14 connect with the Internet far outpaces the use of any other technology. Many
15 service providers may chose to use more than one of these technologies to serve
16 various customers. In other words, consumers want high-speed access to the
17 Internet, at this point, do not have a strong preference as to what technology is

⁸ Powerline is another potential technology that is being used in Europe today.

1 used to provide it.⁹ For example, most potential customers do not perceive a
2 difference between xDSL and cable modem service.¹⁰

3 **Q. HOW DO DATA CLECs OPERATE IN VIRGINIA TODAY?**

4 A. Data CLECs have used a variety of means to serve the advanced services market.
5 These means include providing service entirely over their own facilities, as AT&T
6 Broadband does with cable modem service, or collocating equipment in Verizon
7 VA's central offices and leasing unbundled loops or subloops (either as stand-
8 alone or "line-shared" loops), or using wireless technology. All of these carriers
9 are free to invest their own capital, buy the necessary new equipment, and obtain
10 access to the existing Verizon VA network as necessary to provide their
11 competitive advanced services.

12 **Q. PLEASE DESCRIBE THE DIFFERENT TECHNOLOGIES.**

13 A. **xDSL Technology** is what telephone companies typically use to provide high-
14 speed Internet access over traditional copper lines. The xDSL connection to the
15 Internet is always on and no dialing is required to connect to the Internet.
16 Importantly, certain xDSL services (Asymmetric DSL, or "ADSL,"-type

⁹ United States General Accounting Office Report to the Ranking Minority Member, Subcommittee on Telecommunications, Committee on Energy and Commerce, House of Representatives, *Characteristics and Choices of Internet Users*, at 25, February 2001. Yankee Group, *Residential Broadband: Cable Modem and DSL Reach Critical Mass*, at 10, March 2001.

¹⁰ www.Cyberatlas.com, *Cable or DSL? Consumers See Little Difference*, December 1, 2000.

1 services)¹¹ can share the *same* line with the end user's standard telephone service,
2 without interruption or interference. Thus, a teenager can surf the Internet for
3 information on her favorite band while her mother talks to a business associate
4 about a last minute business trip – at the same time and on the same line. There
5 are also different types, or “flavors,” of xDSL.

6
7 **Cable modem technology** enables cable television providers to deliver high-
8 speed Internet services over the same network of coaxial cables that they use to
9 carry television signals (although, as with xDSL, that network must first be
10 upgraded at substantial cost). Like xDSL, cable modem technology is always on
11 and also has high downstream/download speeds. However, unlike xDSL service,
12 which serves each home with its own dedicated circuit, cable modem Internet
13 access is a shared service, where many homes share the same bandwidth on the
14 coaxial cable. This sharing can affect the speed of service if many other
15 customers in the neighborhood are accessing the Internet at the same time. AT&T
16 Broadband, Cox, Comcast and Adelphia are the main providers of cable modem
17 service in Virginia. Because of the many cable company mergers there are fewer
18 separate cable companies. Moreover, due to exclusive franchises these cable
19 modem service providers typically do not compete with each other in their
20 franchised areas.

¹¹ ADSL is “asymmetric” because it lets the customer download or receive information from the Internet at much faster speeds than he or she can upload data to the Internet. Because most customers care much more about receiving information quickly than uploading information quickly, ADSL is generally viewed as the most attractive DSL flavor for the mass market.

1 **Wireless technologies (either land-based or satellite)** currently use radio signals
 2 to transmit from a base station antenna or a satellite to receivers (such as an
 3 antenna or small dish) located on the customer's rooftop. Today, these
 4 technologies allow users to obtain high-speed downloads, but uploading requires
 5 use of a conventional telephone line and modem. It is expected that two-way
 6 high-speed wireless systems will be available in the near future.

7 **Q. WHO ARE SOME OF THE ADVANCED SERVICES COMPETITORS IN**
 8 **VIRGINIA?**

9 A. Competitors in Virginia include the following.

10 **Cable Modem:** Adelphia, AT&T Broadband, Cox Communications, and
 11 Comcast.

12 **xDSL:** Cavalier, Covad, Network Access Solutions, NTELOS, and VADI.

13 **Fixed Wireless:** AT&T, Cingular, Sprint PCS, and Voice Stream.

14 **Satellite:** StarBand and Hughes DirectPC

15 **Q. WHAT IS THE DOMINANT TECHNOLOGY IN THE NATIONAL**
 16 **ADVANCED SERVICES MARKET TODAY?**

17 A. While estimates of market share vary, industry analysts agree that on a national
 18 basis, cable modem service dominates the advanced services market today, and is
 19 projected to maintain its dominance for the next several years. For example, on
 20 August 13, 2001, Reuters reported that AOL Time Warner, the nations second
 21 largest cable provider, reported 1.4 million subscribers at the end of the second
 22 quarter through its Road Runner cable modem service, while Verizon's affiliate

1 had approximately 840,000 digital subscriber line Internet service customers.¹²
2 Estimates by different analysts agree that cable modem service has at least two-
3 thirds of high-speed Internet access subscribers today and even in 2005 will still
4 control well over 50% of the market.¹³ These analyst projections are collected in
5 Rebuttal Exhibit ASP-1. This Commission and the U.S. Commerce Department
6 have likewise found that cable has a significantly greater market share than xDSL
7 at this time.¹⁴ In fact, a Commission report released just this month demonstrates
8 that as of December 31, 2000, subscribership for high-speed Internet connections
9 over xDSL lines lagged considerably behind that of high-speed connections over
10 coaxial cable systems.¹⁵ As Verizon explained in a July 19, 2001 *ex parte*
11 presentation to the Commission (see Rebuttal Exhibit ASP-2), nationally, cable
12 operators are currently the dominant suppliers of residential broadband service
13 having an expected 6.2M subscribers for 2001 representing 70% of the market.

¹² See *USA: Home Internet Service Via Cable Jumps in Q2-Survey*, August 13, 2001, Reuters English News Service, Reuters Limited 2001.

¹³ While fixed wireless and satellite broadband technologies currently represent a smaller part of the broadband market than both cable and DSL, these technologies are expected to have several million customers by 2004, according to these same industry analysts.

¹⁴ United States General Accounting Office Report to the Ranking Minority Member, Subcommittee on Telecommunications, Committee on Energy and Commerce, House of Representatives, *Characteristics and Choices of Internet Users*, at 18, February 2001.

¹⁵ *High-Speed Services for Internet Access: Subscribership as of December 31, 2000*, Industry Analysis Division Common Carrier Bureau, Federal Communications Commission, August 2001 ("*Commission Internet Access Report*").

1 Additionally, the *Wall Street Journal* recently reported that “[c]able’s 3.6 million
2 lines continue to outnumber the two million DSL connections.”¹⁶

3
4 Moreover, as a result of the AT&T/cable mergers, there are fewer cable operators.
5 In addition, in many local markets pursuant to the terms of its franchise, AT&T
6 Broadband is the only cable-based high-speed Internet access service provider,
7 meaning AT&T not only has the first-mover advantage, but also faces no
8 broadband services competition except that which might come, at some point,
9 from xDSL.¹⁷ (Wireless and satellite technologies may provide more widespread
10 competition for cable modem service in the future, but, because of some of their
11 limitations, xDSL is by far the most meaningful alternative – where available.)
12 At this stage in the race, then, cable modem service providers, including AT&T,
13 are the main source of high-speed Internet access competition, especially for the
14 mass market of residential and small business customers. Cable modem
15 technology is the dominant technology and is a *complete bypass* of the ILEC
16 network. In this market, ILECs fill the roll of regulation encumbered new
17 entrant. Furthermore, cable operators have broadband access to twice the number
18 of households compared to the access available through xDSL.

¹⁶ Dow Jones Newswriters, *Broadband Adoption More Than Doubled in 2000, FCC Reports*,” *Wall Street Journal*, August 10, 2001, at B4.

¹⁷ Jerry A. Hausman, J. Gregory Sidak, Hal J. Singer, *Residential Demand for Broadband Telecommunications and Consumer Access to Unaffiliated Internet Content Providers*, *Yale Journal on Regulation*, Winter 2001.

1 As "not just the nation's largest cable TV company but the leading provider of
2 integrated residential broadband services,"¹⁸ and one of the largest cable
3 providers in Virginia, AT&T cannot credibly claim that any Verizon entity
4 dominates the advanced services market. Indeed, its own briefings with the
5 financial community demonstrate that after only a year in existence, AT&T
6 Broadband "is already the industry leader in providing advanced digital services
7 such as telephony, high-speed data and digital video."¹⁹

8 **Q. DO CABLE PROVIDERS DOMINATE THE ADVANCED SERVICES**
9 **MARKET IN VIRGINIA?**

10 A. Yes. Table 6 of the *Commission Internet Access Report* indicates that as of
11 December 2000, cable modem providers served 78,585 lines in Virginia, while
12 ADSL providers served only 26,750 lines. The remaining 34,580 high-speed
13 lines in Virginia were served by other technologies.

14 **Q. ARE THE CABLE MODEM OR WIRELESS/SATELLITE**
15 **TECHNOLOGIES REGULATED IN THE SAME MANNER AS AN ILEC,**
16 **OR OTHERWISE REQUIRED TO OPEN THEIR FACILITIES TO USE**
17 **BY OTHER COMPANIES?**

18 A. No. The cable modem service providers have vigorously and, to date,
19 successfully opposed any attempt to require any sharing of their facilities by

¹⁸ News Release, AT&T, "AT&T Details Results and Outlines Growth Plans For Broadband Business "More Than a Cable TV Company" (July 24, 2001) (<http://www.att.com/press/item/0,1354,3921,00.html>) (Attached as Rebuttal Exhibit ASP-3).

¹⁹ *Id.*

1 competing advanced services providers. This difference in the regulatory
 2 treatment of head-to-head competitors already tilted the competitive playing field
 3 against xDSL. Indeed, when faced with the prospect of regulatory requirements
 4 to provide access to its own network, AT&T's chairman Armstrong responded:

5 It's not fair. It's not right. Worse, it would inhibit industry
 6 growth and competition. No company will invest billions
 7 of dollars to become a facilities-based broadband services
 8 provider if competitors who have not invested a penny of
 9 capital nor taken an ounce of risk can come along and get a
 10 free ride on the investments and risks of others.²⁰

11 **Q. DO THE CABLE MODEM OR WIRELESS/SATELLITE**
 12 **TECHNOLOGIES DEPEND ON OR USE AN ILEC'S NETWORK**
 13 **FACILITIES?**

14 A. No, although, as noted above, wireless/satellite providers currently use a standard
 15 modem-equipped telephone line for upstream communications while a direct
 16 upstream wireless path is being developed.

17 **Q. DO THE CABLE MODEM AND WIRELESS/SATELLITE**
 18 **TECHNOLOGIES REQUIRE NEW INVESTMENT BY THE PROVIDER?**

19 A. Yes. Just as providing widespread xDSL service capability requires substantial
 20 investment in new equipment for a telephone company, so do cable modem
 21 technology and wireless and satellite technology require the provider to invest in
 22 and deploy new equipment. In other words, new money and new facilities are
 23 required to compete in the advanced services market no matter who you are.

²⁰ C. Michael Armstrong, *Telecom and Cable TV: Shared Prospects for the Communications Future*, speech delivered to Washington Metropolitan Cable Club, Washington, D.C. (Nov. 2, 1998), <http://www.att.com/speeches/item/0,1363,948,00.html>.

1 **Q. PLEASE EXPLAIN.**

2 A. To provide high-speed Internet access, a cable company must invest in new
3 equipment and new technology in a manner similar to what a telephone company
4 must do to provide xDSL. Among other things, the cable providers are extending
5 optical fiber transport facilities closer to the end user and installing equipment that
6 allows the transmission of digital data packets, such as routers, switches, and a
7 cable modem termination system.²¹

8
9 A wireless service provider needs to install a radio transmitter/receiver at each
10 customer's premises and also must install a central antenna.²² Notably, however,
11 providers of wireless service generally can deploy new network technologies
12 much more quickly and with less expense than cable modem service providers or
13 xDSL service providers, which makes wireless a nimble competitive
14 technology.²³ Satellite providers, like wireless providers, need to establish a
15 central transmission site (the satellite) and install devices at the premises of every
16 end user.²⁴

17 **Q. YOU HAVE SAID THAT A TELEPHONE COMPANY NEEDS TO BUY**
18 **AND DEPLOY NEW EQUIPMENT TO PROVIDE xDSL SERVICE. ARE**

²¹ See the Commission's *Second Advanced Services Report*, ¶¶ 30-31 (CC Docket 98-146, FCC 00-290, rel. Aug. 21, 2000).

²² *Id.* at ¶ 44.

²³ *Id.*

²⁴ *Id.* at ¶ 56.

1 **CLECS ABLE TO OBTAIN THE NEW EQUIPMENT THEY NEED ON**
 2 **THE OPEN MARKET?**

3 A. Yes. The Commission found in the *UNE Remand Order* that “advanced services
 4 providers are actively deploying facilities to offer advanced services such as
 5 xDSL across the country” and, indeed, that “cable companies appear to be leading
 6 the incumbent LECs in their deployment of advanced services.”²⁵ The
 7 Commission indicated that marketplace developments suggest that carriers have
 8 been able to secure the necessary inputs to provide advanced services to end users
 9 in accordance with their business plans.²⁶ Ten months later, in August of 2000,
 10 the Commission reiterated that there has been “significant investment in the
 11 facilities needed to provide advanced telecommunications capability . . . and a
 12 proliferation of providers in the marketplace.”²⁷ The Commission added that
 13 “competition [in advanced services] is emerging, rapid buildout of necessary
 14 infrastructure continues, and extensive investment is pouring into this segment of
 15 the economy.”²⁸

16
 17 In short, ILECs and CLECs are on the same footing when it comes to obtaining
 18 and deploying the equipment (such as DSLAMS) needed to provide high-speed

²⁵ *In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, 15 F.C.C.R. 3696 (1999) (“*UNE Remand Order*”) at ¶ 307.

²⁶ *Id.*

²⁷ *Second Advanced Services Report* at ¶ 1.

²⁸ *Id.* at ¶ 8.

Internet access over their own networks. In this respect, the advanced services market is far different from the local exchange services market. In advanced services there is no "legacy" network that was built during years of regulated, franchised service by a single provider. Rather, advanced services represent the "next wave" of communications services and there is no conceptual "incumbent" advantage similar to that of an incumbent carrier in the local exchange field. No one entity and no one technology owns or controls or has ever owned or controlled the advanced services market, or the equipment needed to compete in that market, in the way ILECs "controlled" the local exchange market prior to 1996.

Q. AT&T WITNESS PFAU SUGGESTS AT PAGE 106 OF HIS DIRECT TESTIMONY THAT IF PROPERLY SUPPORTED, LINE SPLITTING COULD HELP REVERSE THE TREND OF HIGHER ILEC PRICES FOR xDSL CAPABILITIES. DO YOU AGREE?

A. No. Indeed, AT&T Witness Pfau's citation of increased xDSL prices by SBC ignores the fact that the reason for that increase was the imposition of regulatory burdens on SBC that increased its costs to provide xDSL service. In testimony filed recently in California, SBC explained that it raised xDSL prices primarily due to increased regulatory costs and other start-up costs associated with its Project Pronto.²⁹ AT&T Witness Pfau's insinuations also ignore the fact that

²⁹ See *Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Service and Establish a Framework for Network Architecture Development of Dominant Carrier Networks*, CPUC Docket Nos. R-93-04-003/1-93-04-002 (Permanent Line Sharing Non-Costing Phase) Testimony of Ross K. Ireland at 15.

1 xDSL service does not compete in a vacuum, and the prices for xDSL service are
2 constrained by the prices charged by cable modem service providers like AT&T
3 and Comcast, which obviously are still in business and seeking to extend their
4 market-share lead.

5 **Q. IS AT&T WITNESS PFAU CORRECT WHEN HE STATES AT PAGE 110**
6 **OF HIS DIRECT TESTIMONY THAT THE PRIMARY DISTINCTION**
7 **BETWEEN LINE SHARING AND LINE SPLITTING IS PURELY A**
8 **LEGAL DISTINCTION BASED ON WHO PROVIDES THE VOICE**
9 **SERVICE?**

10 **A.** No. AT&T Witness Pfau's comparison of line sharing and line splitting is
11 oversimplified. Line sharing and line splitting, although similar from a central
12 office wiring perspective, have many differences from an administrative,
13 operational and billing perspective. The most fundamental difference is that in
14 line sharing, Verizon VA's own retail customer pays for the basic loop, switching,
15 and transport costs in their POTS rate. Therefore, under current rates and rate
16 structure, no loop, switching, and transport charges need to be billed to a CLEC
17 beyond any that are incremental to the provisioning of line sharing. This is not
18 the case when a CLEC is using Verizon VA UNE loops, switching, and transport
19 to provide voice service, in that case, there is no Verizon VA retail customer
20 compensating Verizon VA for those costs. Accordingly, Verizon VA must bill
21 those elements as UNEs to the voice provider. This billing difference means that
22 there are two wholesale bills being produced in connection with line splitting,
23 whereas in line sharing there is one wholesale bill and one retail bill for the same

1 line. This fundamental difference causes different billing system and inventory
2 work.

3
4 In addition, line splitting involves different business relationships and rules
5 requiring opening of different channels and methods for processing changes and
6 repairs from those required in line sharing. For example, in line splitting, a voice
7 CLEC may call in a trouble ticket on either a voice or a data line. Also, a voice
8 CLEC acting on behalf of a DLEC may order a disconnect of a data line. These
9 are just two examples, but there are many more. Neither of these situations could
10 occur with line sharing, so it is clear that additional methods, procedures, and
11 internal and external training need to be developed for line splitting.

12
13 Indeed, the fact that different ordering processes, business rules, and OSS for line
14 splitting had to be developed in the New York DSL Collaborative suggests that
15 the line sharing ordering processes, business rules, and OSS were incapable of
16 being used for a line splitting order.

17 **Q. AT&T WITNESS PFAU IMPLIES THAT VERIZON VA'S LINE**
18 **SHARING AND LINE SPLITTING PROCEDURES "HAVE YET TO BE**
19 **DISCLOSED, MUCH LESS TESTED." IS THIS A TRUE STATEMENT?**

20 **A.** No. With respect to line sharing, Verizon VA's proposed language outlines in
21 detail its procedures for line sharing. These are the same procedures that have
22 been used—and included in interconnection agreements with DLECs such as
23 Covad and Rhythms—since Verizon VA first implemented line sharing in June

1 1999. Moreover, these are the same procedures that were discussed at great
2 length early in the New York DSL Collaborative. Finally, these are the same
3 procedures that this Commission found to satisfy Verizon's line sharing
4 obligations in its Massachusetts and Connecticut 271 approval orders.
5

6 With respect to line splitting, Verizon VA's contract adopts by reference the line
7 splitting procedures developed in the New York DSL Collaborative. AT&T is an
8 active participant in that collaborative, and has contributed to the development of
9 these procedures from the very beginning. More importantly, AT&T is
10 participating in the current line splitting pilot that has been testing these
11 procedures since June. This pilot is intended to test the procedures developed by
12 the collaborative and fine tune them if necessary to address any unforeseen
13 operational or billing problems.
14

15 Verizon is disappointed with AT&T's efforts in the trial thus far. AT&T, which
16 is partnering with itself to provide data service, predicted that it would have
17 significant volumes of line splitting arrangements in service by now. However,
18 AT&T has only placed a hand full of orders. WorldCom has yet to place any
19 orders. These low volumes jeopardize an October implementation by
20 significantly impairing Verizon's ability to test its manual and mechanized
21 processes, as well as the ability for Verizon to handle large volumes, and raises
22 the question of how sincere the CLECs are in their demands for this service and
23 other related enhancements. Indeed, AT&T has commended Verizon for its

1 efforts in developing mechanized line splitting, but admitted that due to systems
2 problems, AT&T is several weeks behind in their planned line splitting roll out.
3 Consequently, AT&T's claims that it will face "potential service issues" in the
4 absence of the detailed line splitting contract language it proposes are not credible
5 given its level of effort in the very process developed by the New York DSL
6 Collaborative to work through such issues.

7
8 A similar situation occurred last year when Verizon prepared to implement line
9 sharing. Although the CLECs were insistent that they needed this functionality,
10 they only submitted a small number of orders during the line sharing pilot.
11 Furthermore, to date, the CLECs have not ordered line sharing arrangements on
12 the magnitude that they predicted in 2000. It would not be prudent for the
13 Commission to direct Verizon to spend its resources to develop line splitting
14 arrangements specifically for one interconnection agreement that the CLECs will
15 not order in reality. Therefore, the Commission should allow new arrangements
16 to be developed and refined through the collaborative process, where the CLECs
17 can prioritize their needs based on realistic projections of demand.

18
19 **Q. HAS AT&T BEEN PROVIDED WITH THE LINE SPLITTING SERVICE**
20 **DESCRIPTIONS DEVELOPED IN THE NEW YORK**
21 **COLLABORATIVE?**

22 **A.** Yes. AT&T—as well as the industry as a whole—has received documentation of
23 the line splitting service descriptions developed in the New York DSL
24 Collaborative, which were diagramed in Exhibits ASP-5 and -6. These

1 descriptions form the basis for the pilot currently underway, and are attached as
2 Rebuttal Exhibit ASP-14. A line splitting tariff is also in place in New York.

3 **Q. AT PAGE 109 OF HIS DIRECT TESTIMONY, AT&T WITNESS PFAU**
4 **STATES THAT AT A MINIMUM, VERIZON MUST PROVIDE**
5 **NONDISCRIMINATORY SUPPORT UNDER FIVE DIFFERENT**
6 **CIRCUMSTANCES. PLEASE COMMENT ON HIS SUGGESTIONS AS**
7 **WELL AS ANY PLANS VERIZON HAS TO ACCOMMODATE THESE**
8 **SCENARIOS.**

9 **A. AT&T proposes the following five scenarios:**

- 10 1. When AT&T adds xDSL service to an existing UNE-P voice customer;
- 11 2. When AT&T establishes a bundled voice/xDSL service for a new
12 customer;
- 13 3. When AT&T seeks to convert a customer's voice service to AT&T
14 without changing the customer's existing xDSL provider;
- 15 4. When AT&T requests that the xDSL carrier in an existing line splitting
16 arrangement be changed; and
- 17 5. When AT&T requests Verizon to disconnect an existing xDSL service on
18 an AT&T loop.

19 Scenarios 1 and 3 appear to be the same as the line splitting Options 3 and 2,
20 respectively, outlined in the service descriptions in Exhibit ASP-12. These
21 scenarios are being tested in the New York Pilot, and are scheduled for release
22 nationwide, including Virginia, in the October target time frame.
23

1 The New York DSL Collaborative has formed two sub-teams to address the
2 various migration scenarios that CLECs have proposed, including the
3 remaining three recommended by Mr. Pfau. One team will be focused on
4 xDSL and Line Sharing migrations and the other team will be focused on Line
5 Splitting migrations. In a meeting held on July 20, 2001, the New York DSL
6 Collaborative working team on line splitting reviewed eight migration
7 scenarios. Initial attempts were made to prioritize and establish business rules
8 for these scenarios. Follow-up meetings to continue this work effort were
9 held on July 27, and August 10, 2001, at which eight additional scenarios
10 were introduced and the status of the pilot was discussed. The two teams
11 continue to work on the migration scenarios and additional meetings are
12 scheduled.³⁰

13
14 Assuming the parties can reach consensus on terms, conditions and prices,
15 these migrations will be developed in a manner that addresses priorities
16 identified by the CLECs and DLECs in the collaborative meetings, and will be
17 developed to ensure that a consistent and effective method is in place to
18 handle each migration in a defined manner and that will be as non-disruptive
19 to the end user as possible. Most migrations will involve some physical work
20 and will involve some disruption to the end user.

³⁰ The New York Commission established a web page to track the progress of the New York DSL Collaborative at <http://www.dps.state.ny.us/DSLproced.html>, and has invited any other commission or interested party to participate in the meetings.

1 **Q. HAS THE NEW YORK DSL COLLABORATIVE ADDRESSED**
2 **SITUATIONS IN WHICH AT&T REQUESTS THAT AN xDSL**
3 **PROVIDER BE CHANGED OR AN EXISTING xDSL SERVICE**
4 **DISCONNECTED?**

5 **A.** Yes. These situations are among the sixteen scenarios being discussed and
6 developed in the New York DSL Collaborative. Today, Verizon is performing a
7 number of migrations, and is project managing with interested CLECs migrations
8 from one data provider to another where a previous DLEC discontinues its
9 business. Where an xDSL provider is disconnected, the line will be converted
10 back to a UNE-P.

11 **Q. HAS THE NEW YORK DSL COLLABORATIVE ADDRESSED**
12 **ESTABLISHING LINE SPLITTING SCENARIOS FOR NEW**
13 **CUSTOMERS?**

14 **A.** Not in detail at this time. In prioritizing the service descriptions, the parties
15 agreed to address conversions of existing voice customers to line splitting
16 scenarios first. Thus, the two finalized service descriptions subject to the pilot
17 and scheduled for implementation this fall do not address line splitting scenarios
18 for new voice customers. However, the collaborative working groups are
19 addressing this scenario for future development. Once the business rules and
20 procedures are developed in the collaborative, they will be implemented in
21 Virginia under Verizon VA's currently proposed interconnection agreement
22 language.

1 Q. UNDER VERIZON VA'S PROPOSED LINE SHARING AND LINE
2 SPLITTING LANGUAGE, WILL THESE SERVICES BE PROVISIONED
3 AS THEY ARE IN MASSACHUSETTS AND CONNECTICUT?

4 A. Yes. In granting 271 approval to Verizon in Massachusetts and Connecticut, the
5 Commission reviewed Verizon's actual line sharing and line splitting
6 performance. In the Massachusetts proceeding, Verizon proffered evidence that it
7 had signed nine interconnection agreements in Massachusetts containing line
8 sharing provisions.³¹ Those provisions were identical to the provisions in Verizon
9 NY's agreements and the provisions Verizon VA proposes in its agreement with
10 AT&T and WorldCom.³² It is pursuant to those agreements that Verizon's actual
11 provisioning of line sharing occurred in New York and Massachusetts. Based on
12 the totality of the agreements and Verizon's performance there under, the
13 Commission found that Verizon provides nondiscriminatory access to the high
14 frequency portion of the loop.³³ Similarly, the Commission reviewed Verizon's
15 line sharing performance in Connecticut based on the same contract language in
16 New York to find Verizon to be fulfilling its obligations in Connecticut.³⁴

³¹ *Massachusetts 271 Approval Order* at ¶ 164.

³² *See id.* n. 512.

³³ *Id.* at ¶ 165.

³⁴ *In the Matter of Application of Verizon New York Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services in Connecticut*, CC Docket No. 01-100, Memorandum and Order, FCC 01-208 (rel. July 20, 2001). ("Connecticut 271 Approval Order") at ¶ 23 ("We find that Verizon demonstrates that it provides nondiscriminatory access to the high-frequency portion of the loop. Verizon offers line sharing in Connecticut under its

(continued...)

1 With respect to line splitting, the Commission actually reviewed Verizon's
 2 proposed line splitting language in granting its 271 approval. In the Connecticut
 3 order, the Commission noted as follows:

4 Verizon states that it currently offers the unbundled
 5 network elements that would allow line-split services. On
 6 February 14, 2001, Verizon issued a statement of policy to
 7 accommodate line splitting. *Additionally, Verizon has*
 8 *incorporated line splitting contract language reflecting*
 9 *this policy into its Model Interconnection Agreement*
 10 *which it will make immediately available to any carrier*
 11 *who wishes to offer line-split services.* Verizon has also
 12 demonstrated that it offers competitors nondiscriminatory
 13 access to the individual network elements necessary to
 14 provide line-split services and that nothing prevent
 15 competitors from offering voice and data services over a
 16 single unbundled loop. *Several competitors contest the*
 17 *adequacy of this language and argue that Verizon is*
 18 *currently not in compliance with the Commission's line*
 19 *sharing and line splitting requirements.* These carriers
 20 further contend that Verizon has engaged in a pattern of
 21 recalcitrant behavior with regard to implementing line
 22 sharing and line splitting requirements and the Commission
 23 should not credit its promises of future compliance.³⁵

24 In footnote 556, the Commission summarized Verizon's Model Interconnection
 25 Agreement language, which is identical to the language proposed in Virginia:

26 In its line splitting amendment, Verizon commits to offer
 27 line splitting consistent with the Commission's *Line*
 28 *Sharing Reconsideration Order* by utilizing Verizon's OSS
 29 to order the unbundled network elements necessary to
 30 provide line-split services. With regard to migrations of
 31 UNE-P customers to line splitting, Verizon commits to
 32 follow the implementation schedules, terms, conditions and

interconnection agreements and the terms of its tariff, in accordance with the requirements of the
Line Sharing Order and *Line Sharing Reconsideration Order.*")

³⁵ *Massachusetts 271 Approval Order* at ¶ 175 (footnotes omitted, emphasis added).
 AT&T and WorldCom were among the carriers making the claims referenced by the
 Commission.

1 guidelines established in the ongoing DSL collaborative at
2 the New York Public Service Commission.

3 Rejecting AT&T and WorldCom's complaints about Verizon's language, the
4 Commission ruled as follows:

5 175. Verizon demonstrates that it makes it
6 possible for competing carriers to provide voice and data
7 service over a single loop – *i.e.*, to engage in “line
8 splitting.” Specifically, Verizon demonstrates that it has
9 concrete and specific legal obligation to provide line
10 splitting through rates, terms and conditions in
11 interconnection agreements. As a result, a competing
12 carrier may, for instance, provide voice service using UNE-
13 P and, either alone or in conjunction with another carrier,
14 provide xDSL service on that same line.

15 * * *

16 178. We disagree with WorldCom's contention
17 that Verizon's line-splitting interconnection agreement
18 language limits line splitting to carriers who are collocated
19 in Verizon central offices or that Verizon is taking the
20 position that the UNE-P providers may not line split unless
21 they are collocated. Verizon's contract language, which
22 includes a reference to “collocator to collocator”
23 connections, does not require UNE-P providers to be
24 collocated in Verizon central offices to offer line split
25 services. Rather, UNE-P providers need not obtain
26 collocation in Verizon central offices to offer the voice
27 component of line-split services.

28 179. *Verizon's interconnection agreement*
29 *amendment is also consistent with our Line Sharing*
30 *Reconsideration Order*, which requires that incumbent
31 LECs minimize service disruptions to existing voice
32 customers undergoing a transition to line-splitting. For
33 example, where competitive LECs provide data service to
34 existing end user customers and Verizon provides voice
35 service to that customer there is no need to “rearrange”
36 network facilities to provide line-split services. Because no
37 central office wiring changes are necessary in such a
38 conversion from line sharing to line splitting, Verizon is
39 required under our *Line Sharing Reconsideration Order* to
40 develop a streamlined ordering processes for formerly line
41 sharing competitive LECs to enable migrations between

1 line sharing and line splitting that avoid voice and data
2 service disruption and make use of the existing xDSL-
3 capable loop. Such a transition from line sharing to line
4 splitting should occur subject only to charges consistent
5 with the Commission's cost methodology as articulated in
6 the *Local Competition First Report and Order*.

7 Thus, contrary to AT&T Witness Pfau's assertions at page 117, the Commission
8 explicitly addressed Verizon VA's proposed interconnection agreement language
9 implementing line splitting, implicitly addressed Verizon VA's proposed line
10 sharing language, and found them to fulfill Verizon VA's obligations.

11 **Q. DOES VERIZON VA'S PROPOSED LINE SPLITTING LANGUAGE**
12 **OUTLINE HOW LINE SPLITTING MAY BE ORDERED TODAY AND IN**
13 **THE FUTURE?**

14 **A.** Yes. As explained in Verizon VA's Direct Testimony, and depicted in Exhibit
15 ASP-4, Verizon's proposed line splitting language makes clear that AT&T can
16 immediately engage in line splitting using the ordering procedures applicable to
17 an unbundled xDSL capable loop, which will terminate to a collocated splitter and
18 DSLAM equipment provided by its data partner (or itself), unbundled switching
19 combined with shared transport, collocater-to-collocater connections, and
20 available cross connects, under the terms and conditions set forth in the applicable
21 sections for each element in the proposed agreement to AT&T. The proposed
22 language provides further that should AT&T wish to migrate an existing UNE-P
23 to a line splitting configuration, it may do so under the implementation schedule,
24 terms, conditions, and guidelines developed in the New York DSL Collaborative.

1 **Q. AT&T WITNESS PFAU AT PAGE 123 OF HIS DIRECT TESTIMONY**
2 **READS VERIZON VA'S PROPOSED LINE SPLITTING LANGUAGE TO**
3 **COMMIT VERIZON VA TO ADOPT ONLY THE RESULTS OF THE**
4 **NEW YORK DSL COLLABORATIVE WITH WHICH IT AGREES. IS**
5 **THIS TRUE?**

6 **A. No. Verizon VA proposes to implement the results of the New York DSL**
7 **Collaborative on which there is industry consensus. As a practical matter, any**
8 **service descriptions, terms, conditions, or timelines resulting from the**
9 **collaborative process have either been agreed to by the parties or ordered by the**
10 **New York Commission. Verizon VA intends to implement any final results**
11 **agreed upon in the collaborative process. It does not however, propose to**
12 **implement those terms and conditions over which the parties could not reach**
13 **consensus in the absence of a New York Commission Order. Such a result would**
14 **defeat the very purpose of a collaborative effort.**

15 **Q. IS VERIZON VA WILLING TO AMEND ITS PROPOSED LINE**
16 **SPLITTING LANGUAGE TO ADDRESS AT&T'S CONFUSION?**

17 **A. Yes. While Verizon VA disagrees that its proposed line splitting language is**
18 **vague, it recognizes that AT&T (as well as WorldCom) do not believe it**
19 **sufficiently explains Verizon VA's intent to implement the results of the New**
20 **York DSL Collaborative. Therefore, Verizon VA proposes to amend § 11.2.18.1**
21 **of its proposed interconnection agreement to AT&T and its Line Splitting**
22 **Addendum to WorldCom to read as follows:**

[AT&T] [WorldCom] may provide integrated voice and data services over the same Loop by engaging in "line splitting" as set forth in paragraph 18 of the FCC's Line Sharing Reconsideration Order (CC Docket Nos. 98-147, 96-98), released January 19, 2001. Any line splitting between [AT&T] [WorldCom] and another CLEC shall be accomplished by prior negotiated arrangement between those CLECs. To achieve a line splitting capability immediately, [AT&T] [WorldCom] may order an unbundled xDSL capable loop, which will terminate to a collocated splitter and DSLAM equipment provided by its data partner (or itself), unbundled switching combined with shared transport, collocator-to-collocator connections, and available cross connects, under the terms and conditions set forth in the applicable sections for each element in this Agreement. [AT&T] [WorldCom] or its data partner shall provide any splitters used in a line splitting configuration.

Verizon will provide to [AT&T] [WorldCom] any service as described and developed by the ongoing DSL Collaborative in the State of New York, NY PSC Case 00-C-0127 consistent with such implementation schedules, terms, conditions and guidelines established by the Collaborative, allowing for local jurisdictional and OSS differences."

Q. WHY DOES VERIZON VA FIND IT NECESSARY TO ACCOUNT FOR ANY LOCAL JURISDICTIONAL OR OSS DIFFERENCES BETWEEN LINE SPLITTING IMPLEMENTATION IN NEW YORK AND VIRGINIA?

A. Verizon VA understands that under § 252(i) of the Act, or the most favored nation provisions of its merger conditions, any CLEC in any Verizon territory can adopt any provision of Verizon VA's interconnection agreements. The Commission's merger conditions and approval order expressly recognize that the former Bell Atlantic and the former GTE exchanges are served by different OSS. As the Commission noted in the *BA/GTE Merger Order*,

1 . . . Bell Atlantic and GTE's systems "developed from
2 significantly different sources and, as a result, . . . differ
3 significantly [from each other]." Given these facts, the
4 Applicants have asserted that to achieve uniformity through
5 the combined region: (1) it likely will cost "hundreds of
6 millions," if not "billions," of dollars; (2) it could take more
7 than five years to achieve; and (3) "given the size of the
8 work effort . . . and the unknowns about the true scope and
9 scale of the project, there is no certainty that Bell
10 Atlantic/GTE would be able to complete such a project."³⁶

11 Thus, the systems modifications and procedures adopted to serve New York
12 cannot be implemented in an identical manner in all Verizon jurisdictions.
13 Verizon VA's interconnection agreement must account for this fact.

14 Moreover, Virginia itself will have jurisdictional differences between former Bell
15 Atlantic and former GTE serving areas. AT&T correctly points out that Verizon
16 committed to implement uniform interfaces and business rules for at least 80 % of
17 the access lines for the combined Bell Atlantic and GTE service areas in
18 Pennsylvania and Virginia within five years after the Merger Closing Date.
19 However, such uniform interfaces have not been completed at this time, and will
20 not be completed by the implementation date for line splitting in New York. For
21 these reasons, until its OSS merger is complete, Verizon VA must account for the
22 differences between former Bell Atlantic and former GTE service territories in
23 Virginia. Should a Virginia CLEC serving a former GTE-territory opt-in to
24 AT&T's interconnection agreement, deletion of language recognizing the
25 jurisdictional differences between the territories could require the company to
26 implement line splitting in a manner and under a time frame that it cannot meet.

³⁶ *BA/GTE Merger Order* at ¶ 286.

1 **Q. IS AT&T WITNESS PFAU CORRECT WHEN HE STATES AT PAGE 112**
2 **OF HIS DIRECT TESTIMONY THAT “IT IS NOT BURDENSOME FOR**
3 **VERIZON TO INCORPORATE THE LANGUAGE THAT AT&T HAS**
4 **TAKEN THE TROUBLE TO DRAFT” TO IMPLEMENT LINE**
5 **SPLITTING?**

6 **A. No. AT&T’s self-serving language attempts to short circuit the collaborative**
7 process by adopting its implementation wish list without regard to how it affects
8 Verizon VA’s operations or other carriers (in particular DLECs). The New York
9 DSL Collaborative made very clear from the beginning that different competitive
10 carriers have different priorities and do not always agree on the best way to
11 implement line splitting. For example, there was disagreement among DLECs
12 and voice CLECs over which carrier should control the circuit in a line splitting
13 scenario and have the right to disconnect data or voice service. Only by
14 discussing these issues in a collaborative process under the supervision of a
15 regulatory body could the parties develop consensus line splitting arrangements
16 that will work for all parties. The work of the collaborative is not complete.
17 AT&T should not be permitted to lock Verizon VA into implementing AT&T’s
18 view of how line splitting should be accomplished. Instead, the interconnection
19 agreement between the parties should incorporate the progress made by the New
20 York DSL Collaborative, which is working to resolve issues identified by AT&T
21 as a concern underlying its proposed line splitting language.

1 Q. PLEASE COMMENT ON EACH OF THE SUB-ISSUES IDENTIFIED BY
2 AT PAGES 113 – 115 OF AT&T WITNESS PFAU’S TESTIMONY THAT
3 REQUIRE ARBITRATION.

4 A. Verizon VA addresses each sub-issue one at a time:

5 **III.10.B.1. Must all aspects of the operational support delivered to AT&T in**
6 **support of line sharing and line splitting arrangements with Verizon**
7 **be at no less than parity as compared to the support provided when**
8 **Verizon engages in line sharing with its own retail operation, with an**
9 **affiliated carrier, or with unaffiliated carriers in reasonably similar**
10 **equipment configurations?**

11
12 To the extent that VADI enters into line splitting arrangements with a UNE-P
13 voice provider, and to the extent the UNE-P provider authorizes VADI to place
14 orders on its behalf, the ordering processes used by VADI to order a line splitting
15 arrangement will be identical to those used by any other CLEC (whether a UNE-P
16 provider or a DLEC) ordering a line splitting arrangement.

17
18 Likewise, the line sharing ordering process used by VADI is the same as the line
19 sharing ordering process used by any other DLEC: VADI or any other DLEC
20 submits one LSR, using OSS interfaces, for the establishment of a line sharing
21 arrangement in order to offer an xDSL product over a loop used by Verizon VA to
22 provide voice service. VADI uses the same ordering process CLECs will use to
23 offer an xDSL product over a UNE-P loop used by that or another carrier to
24 provide voice service.

25 **III.10.B.2. Must Verizon immediately provide AT&T with the procedures it**
26 **proposes to implement line splitting on a manual basis?**